

CLAIMS

What is claimed is:

1. A method for creating and valuing financial instruments based upon real estate indices which compile real estate price information for localities, cities, regions, states, nations, or multinational / international areas.

2. The method of claim 1, where the future value of the financial instrument is calculated by inputting historical real estate index information and / or predicted future real estate index information and / or financial information, interest rate(s), currency denomination(s), and start date and date of expiry of each contract into a pricing model including but not limited to trinomial, binomial, Monte Carlo simulation, or Black-Scholes model.

3. The method of claim 2, wherein the financial instrument may be comprised of multiple financial instruments involving at least one financial instrument based upon a real estate index or indices, or is based upon multiple real estate indices, including but not limited to asset-backed securities, basket options, chooser options, option chains, or rainbow options.

4. A method for disseminating information for a financial instrument related to at least one real estate index, comprising the steps of:

a. quoting prices, historical real estate index information, predicted future real estate index information, and / or metrics (e.g. prices, open interest, 90-day volatility) on contracts of a real estate index linked financial instrument;

b. using an information distribution medium, either physical or electronic, to disseminate the information of claim a. to users of this information.

5. A computer-implemented method for creating and valuing a financial instrument based upon real estate indices which compile real estate price information for localities, cities, regions,

1 states, nations, or multinational / international areas.

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3 6. The method of claim 5, where the future value of the financial instrument is calculated by
4 inputting historical real estate index information and / or predicted future real estate index
5 information and / or financial information, interest rate(s), currency denomination(s), and start
6 date and date of expiry of each contract into a pricing model including but not limited to
7 trinomial, binomial, Monte Carlo simulation, or Black-Scholes model.

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9 7. The method of claim 6, wherein the financial instrument may be comprised of multiple
10 financial instruments involving at least one financial instrument based upon a real estate index or
11 indices, or is based upon multiple real estate indices, including but not limited to asset-backed
12 securities, basket options, chooser options, option chains, or rainbow options.

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14 8. A computer-implemented method for determining the volatility of financial instruments based
15 upon real estate indices which compile real estate price information for localities, cities, regions,
16 states, nations, or multinational / international areas.

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18 9. The method of claim 8, where the volatility of the financial instrument is calculated by
19 inputting historical real estate index information and / or predicted future real estate index
20 information and / or financial information, interest rate(s), currency denomination(s), and start
21 date and date of expiry of each contract into a pricing model including but not limited to
22 trinomial, binomial, Monte Carlo simulation, or Black-Scholes model.

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24 10. The method of claim 9, wherein the financial instrument may be comprised of multiple
25 financial instruments involving at least one financial instrument based upon a real estate index or
26 indices, or is based upon multiple real estate indices, including but not limited to asset-backed
27 securities, basket options, chooser options, option chains, or rainbow options.

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29 11. A computer system for creating and valuing a financial instrument based upon real estate
30 indices which compile real estate price information for localities, cities, regions, states, nations,
31 or multinational / international areas, comprising:

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2 a. a computer connected to a real estate index history database and / or a real estate predicted
3 future index database and / or financial database that creates and values a financial instrument
4 under conditions where the future value of the financial instrument is calculated by inputting
5 historical real estate index information and / or predicted future real estate index information and
6 / or financial information, interest rate(s), currency denomination(s), and start date and date of
7 expiry of each contract into a pricing model including but not limited to trinomial, binomial,
8 Monte Carlo simulation, or Black-Scholes model.

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10 b. at least one workstation that allows a user to specify inputs that affect the value of the
11 financial instrument.

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13 12. A computer program product comprising a computer-usable medium having control logic
14 stored therein for causing a computer to perform valuation of real estate index linked financial
15 instruments, the control logic comprising:

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17 a. a computer readable program code means that causes the computer to create and value a
18 financial instrument based upon indices which compile real estate price information for
19 localities, cities, regions, states, nations, or multinational / international areas.

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21 b. a computer readable program code means for valuing a financial instrument based upon real
22 estate indices by inputting historical real estate index information and / or predicted future real
23 estate index information and / or financial information, interest rate(s), currency
24 denomination(s), start date and date of expiry of each contract, and / or cost of the financial
25 instrument into a pricing model including but not limited to trinomial, binomial, Monte Carlo
26 simulation, or Black-Scholes model.

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28 c. the method of claim b., where the future value of the financial instrument is a defined currency
29 amount and the initial value is calculated by utilizing computer readable program code for
30 applying a pricing model using historical real estate index information and / or predicted future

- 1 real estate index information and / or financial information, interest rate(s), currency
- 2 denomination(s), and start date and date of expiry of each contract.

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